

TRANSMITTAL SLIP		
TO: <i>Muriam</i>		
ROOM NO.	BUILDING	
REMARKS: Please hold until Col. White comes up with his version of the rationale. <div style="border: 1px solid black; width: 150px; height: 40px; margin: 10px auto;"></div> <i>22 Apr. 68</i> STAT		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(17)

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM					
UNCLASSIFIED		CONFIDENTIAL		SECRET	
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS	DATE	INITIALS		
1	DD/S				
2					
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ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	

Remarks:

It is clear from Carb comments that he does not understand the real purpose in paying compensation to those in the Reserve. We obviously think we are making payments to preserve the availability of retirees - rather than trying to compensate for the financial loss inherent in early retirement.

You may want to explain this to him before the situation deteriorates.

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

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EYES ONLY

DD/S 68-2092

DD/S&T #1601-68

DD/S 68-2092
FILE Personnel 17

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Retirement

REFERENCE : Your memo, DD/S 68-1664, dtd 1 April 68

In response to your request for reaction to the Retirement Rationale letter and the CIA Reserve Corps proposal, I submit the following:

a. Retirement Rationale: I have no substantive comments and feel the statement as given adequately defines our retirement rationale.

b. CIA Reserve Corps: I do not want to appear disinterested or passive to the proposal, but I should like to make clear that retirement problems within DD/S&T are so few I do not feel I should exercise any strong options for or against the reserve corps concept. Certainly credit should be given to those who have come up with this rather unique approach to the broad retirement problems of the Agency. I do feel, however, the organization of a reserve corps satisfies the desires of a few who feel a supplementary compensation from the Agency is necessary. I would think that the large majority of Agency annuitants would gladly return to serve if asked, and emphasis would then be placed on the need for the individual rather than satisfying the compensation needs of all annuitants.

Again, I should like to make clear that if from the point of view of the total Agency such a reserve corps makes sense, I would not oppose it.

[Redacted Signature]

Carl E. Duckett
Deputy Director
for
Science and Technology

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EYES ONLY

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EYES ONLY

DD/5 68-1929

15 APR 1968

Mr.



has original
VT

1707N 05

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Comments on Retirement Rationale and Reserve Corps

REFERENCE : Your memorandum, dated 1 April 1968 (DDS 68-1664)

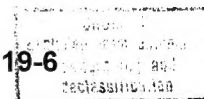
1. After reviewing the paper on retirement rationale attached to your memorandum, I still feel that it does not meet the needs of this Directorate. Specifically, the last paragraph is too restrictive. It explicitly states that the number of extensions beyond age 60 will be "limited" and that such extensions will "be approved on an individual case basis to meet demonstrated Agency needs."

2. As I have tried to emphasize in our discussions, this Directorate has a large number of professionals engaged in activities very similar to those performed outside the Agency in academic institutions, research organizations, industry, and non-intelligence departments of Government. It is the custom, and these professionals have come to expect, that they will be permitted to continue employment beyond age 60. Furthermore, most of these professionals will be capable of carrying out their assigned duties at a high level of performance beyond age 60; to some extent their energies may decline, but the Agency would usually be more than compensated by their retention because of their accumulated knowledge, experience, maturity, and judgment.

3. On this basis I recommend that the last sentence of the paper on retirement rationale be rewritten as follows:

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YES ONLY

Since it is recognized that some employees in certain types of service may continue their peak of service productivity beyond age 60, a limited number of extensions in service will be approved to meet demonstrated Agency needs.

This would give us freedom to grant extensions fairly routinely to those highly qualified professionals we can really use in the production offices. I presume that over time such professionals would come to anticipate continued CIA employment to age 62 in the absence of some clear indication to the contrary.

*Worshone
JWC*

4. With respect to the CIA Reserve Corps, there are several points which I think need clarification. Although the paper does not make a distinction between clerical and professional employees, I presume that it applies to professionals only and should so state. Secondly, the paper does not state what duties the reservist must perform for his compensation. Are his only obligations being available, being physically fit, and maintaining his security? Finally, although the direct costs of from \$3.5 to more than \$5 million are presented, there is no discussion of the problems and additional costs involved in administering the proposed program. I can foresee the need for additional personnel to manage the program and to maintain the medical and security status of the reservists. Furthermore, negotiations with reservists regarding renewals could be almost as difficult and time consuming as those involved in working out retirements. It is not that I have rejected the reserve corps out of hand; rather, I believe it needs more consideration than is reflected in the papers.

5. I am prepared to discuss any of these matters with you at your convenience.

/s/ R. J. Smith

R. J. SMITH
Deputy Director for Intelligence

-2-

YES ONLY
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Approved For Release 2003/05/05 : CIA-RDP84-00780R002400020019-6

Next 1 Page(s) In Document Exempt


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ROUTING AND RECORD SHEET

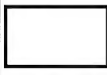
SUBJECT: (Optional)

FROM:

Director of Personnel
STAT 5E56 Headquarters



EXTENSION



NO.

DATE

TO: (Officer designation, room number, and building)

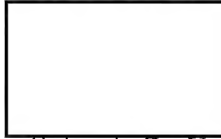
DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. Acting Deputy Director for Support 7D18 Headquarters				<div>Attached is a comment prepared by Harry with which I concur. You may want to hold for consideration in the preparation of a "final" rationale.</div> <div> STAT</div> <div>Robert S. Wattles</div>
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12/2/5 68-1834

9 APR 1968

TO: Director of Personnel

I believe the last paragraph of the current retirement rationale contains a statement that may be difficult to live with if we must, as I think we will, eventually go to the BOB and Congressional Committees:

"it is the Agency's considered judgment that by age 60 most employees have passed the peak of their productive years and energies"

Possibly something along the following lines would more accurately present our rationale:

The primary objective of the Agency's retirement policy is to make a positive contribution to that pursuit of excellence which is the fundamental purpose of our personnel system. To make such a contribution, a retirement system must provide for the removal in an orderly and humane fashion, those who for a variety of reasons have become unable, after years of service, to do the current job at the high standards required by the Agency. Otherwise, the whole flow of promotion and succession to which recruitment, training, and the assignment of younger people is geared will be blocked and the most vigorous and productive individuals, finding themselves stalemated, will leave the service or never be persuaded to enter in the first place. Therefore, it is Agency policy . . . etc.

HBF

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USE ONLY☐ CONFIDENTIAL☐ SECRET**ROUTING AND RECORD SHEET**

SUBJECT: (Optional)

FROM:

DD/P

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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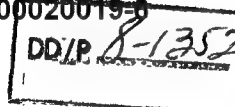
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DI/5 68-1746

3 April 1968

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: CIA Reserve Corps

REFERENCE: Your Memo of 1 April 1968

Del :

1. I think there is much merit in the CIA Reserve Corps proposal. It will not solve all our problems, but it will contribute to the solution of some of them. I welcome it as one additional tool in our effort to deal with some of our manpower difficulties. It should not preclude the fullest consideration of additional approaches to the problem.
2. With respect to the proposal itself I have one or two thoughts I should like to share with you. If the Reserve Corps idea is to operate at all as a partial inducement to early retirement, I believe it should apply only to persons seeking retirement prior to age 55 years and 1 month. (The DCI should have the authority to grant exceptions to this maximum age requirement.) Under this formula, the Civil Service system prospective retiree who has 30 years service at age 55 would have the additional month in which to opt for the Reserve Corps and thus have the benefit of it for the next three years. I make this observation because I think the plan will help us more if we set an earlier maximum age. If we leave the maximums as suggested in the paper, it would not be as much of an assist to a solution to our basic problem. The occasional compassionate case could presumably be handled as a DCI exception.
3. As it now is formulated in the paper, there seems to be an unjustified discrimination as between members of the two systems. Perhaps my formula perpetuates that discrimination in reverse. In any case, I should imagine that we can accommodate and compensate

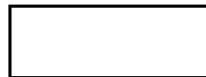
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for the differences between the two systems and at the same time not set such a high maximum age for participation, so that we can have the incentive benefit toward early retirement operative in both categories.

4. My second comment has to do with the examples set forth in the formulae under Tab 1 of your paper. I note here that in the first column, the first year 80% compensation would exceed the annuity by a substantial sum of money. I think 80% is a proper first year percentage figure but I think it should be set in such a way that it does not exceed the annuity. Perhaps it should be stated as "80% up to the amount of the annuity." With respect to the second and third years, my recommendations would be 50 and 20%.

5. We will need to give thought to the terms under which we would rehire a reservist as an employee or in a contract status. Certain formulae should be worked out for this too so that the whole system hangs together without glaring inequities or inconsistencies. I assume that upon the recall of a reservist, his status as a reservist under this program ceases and he then receives only his annuity plus a salary. Thought must then be given to whether or not he can look forward to reachieving reservist status. I should imagine not. Perhaps he re-achieves it if we have recalled him for a relatively short period of time and for less than the three year reserve period. These are some of the questions that occurred to me as I studied your paper.



25X1

Thomas H. Karamessines
Deputy Director for Plans

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DD/S 68-1664

01 APR 1968

MEMORANDUM FOR: Executive Director-Comptroller
Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
General Counsel
Inspector General
Legislative Counsel

Attached for your consideration is a packet representing a new effort to resolve our retirement problems.

a. Retirement Rationale: The attached draft on the retirement rationale has taken into consideration comments of the Deputy Directors. A provision has been made to permit certain employees to continue in service beyond age 60. This was specifically tailored to respond to the position taken by the DD/I and at the same time would serve to answer some of the special problems with Wage Board type employees.

b. CIA Reserve Corps: This proposal represents a new approach to the basic problem. It offers solutions to a number of the issues we have discussed. The General Counsel has this paper under consideration. On first review, the General Counsel advises that this might possibly be accomplished without legislation but obviously would have to be coordinated with the BoB and our Congressional committees. The compensation formula was arbitrarily selected to offer a comparative example. It could, of course, be any percentage agreed upon.

c. Attached are general estimates of the cost of supplemental compensation for the Reserve Corps. The cost figures will, of course, vary according to the formula.

Your reaction to these proposals would be appreciated.



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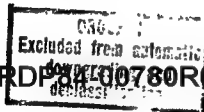
SIGNED R. L. Bannerman

R. L. Bannerman
Deputy Director
for Support

DD/S Internal Distribution:

1 ea to Messrs. Coffey,  and
 w/atts

2 Atts

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EYES ONLY

RETIREMENT RATIONALE

The production of intelligence for the national security is a highly specialized function. It is the acquisition of intelligence information from all possible sources and preparation therefrom of timely reports and informed estimates for the policy officials of Government. The spectrum of reported information concerns that infinite variety of subjects and situations that may have a bearing on the welfare and the national security of the United States. The accomplishment of this function requires the U. S. intelligence system to operate on a continuous basis and to be specifically structured to respond to the critical pressures of time and crisis situations on a world-wide basis.

In carrying out its mission of collecting, processing and producing national intelligence, the Agency's principal assets are the technical skills, intellectual discipline, vocational competence and the selfless devotion of its personnel. The quality of the intelligence product is characterized by the maturity, discretion and expert judgment of these employees whose competence is enhanced by specialized training and experience gained through years of professional intelligence activities.

To maintain this level of professionalism of its personnel, the Agency directs a recruitment and selection program which seeks to replenish its staff with individuals of the highest qualifications to be found in today's competitive

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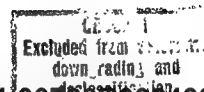
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EYES ONLY

manpower world. Additional to the high intellectual attainments, it seeks individuals with imagination, flexibility, stamina and judgment who, through appropriate training and career development, provide the continuous infusion of new energies, skills and prevailing "state of the art" knowledge in technical and intellectual disciplines.

The demanding and dynamic nature of the Agency's world-wide intelligence program requires the fullest utilization of these employee talents during their most productive years. At the same time Agency personnel anticipate and expect that their competence and aspirations will be rewarded by promotion and advancement to positions and activities of greater responsibility and authority. To accomplish these dual objectives Agency management must require that those employees who cannot continue to cope with its demanding requirements or who have passed their most productive years should make room for personnel with new skills and greater energies. It is only through a program of timely retirement and replacement that the objectives and mission of the Agency can be achieved.

In 1959 it was decided that normal attrition through resignation, death and retirement was not adequate to meet these replacement objectives. A policy was established that employees should retire when first entitled to an unreduced annuity. That policy has evolved through subsequent changes in the law to retirement at age 60 with 20 years of creditable service for employees under the Civil Service Retirement System. In a further effort

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to achieve these objectives, the Agency in 1964 proposed and there was established the CIA Retirement System whereby those employees engaged in the demanding and specialized field of overseas clandestine intelligence operations and support thereto must retire at age 60. Therefore, the Agency is operating under two retirement systems, one devised to meet the retirement program of Government as a whole and the other devised to meet the Agency's special needs for personnel in the field of overseas clandestine intelligence operations. An additional factor is that there is a wide variety of skills and occupations represented in the total Agency population.

While there are differences in the multiplicity of Agency employee occupations as to the demands and stresses of service in intelligence, it is the Agency's considered judgment that by age 60 most employees have passed the peak of their productive years and energies. Therefore, it is Agency policy that employees under both the Civil Service Retirement System and the CIA Retirement System must retire at age 60. Since it is recognized that a few individual employees in certain types of service may continue their peak of service productivity for a limited period beyond age 60, a limited number of extensions in service will be approved on an individual case basis to meet demonstrated Agency needs.

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EYES ONLY

CIA RESERVE CORPS

The Agency has need of a system whereby optional retirements and required retirements under both the Civil Service Retirement System (CSRS) and the Central Intelligence Agency Retirement System (CIARS) are in harmony with the Agency's management needs and the individual's personal welfare. These objectives would be obtained to some degree with the creation of a CIA Reserve Corps in which the retired employee would serve in a reserve capacity and would receive supplementary compensation to his annuity for a three-year period.

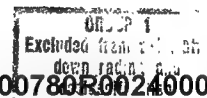
In brief, the proposal would incorporate these two features:

a. Create a CIA Active Reserve in which retired annuitants would serve not more than three years. To qualify, the reservists must obligate themselves to return to duty in the Agency if asked to do so. The obligation should be renewed at least every six months during the three-year period. Failure to renew the obligation automatically disqualifies the individual from the program.

b. Supplementary Compensation: The reservist would receive supplementary compensation under a predetermined formula of a percentage of the difference between his former salary and the annuity he receives upon retirement. A formula could be structured on the following:

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	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>
a.	80%	40%	20%
b.	80%	60%	40%
c.	60%	40%	20%

The minimum age for participation in the Reserve would be when the employee is first entitled to an unreduced annuity--in the CIARS at age 50 and in the CSRS at age 55. The maximum age for participation in the Reserve would be:

- a. Age 60 for retirees in the CIARS
- b. Age 63 for retirees in the CSRS

The basis for this proposal is as follows:

a. CIA has a need to maintain a reserve of personnel trained and experienced in Agency methodology, who would be available for immediate duty in the event of a national emergency or a requirement for an abrupt increase in the skills found in any particular field of Agency occupations. Prompt availability would require continuance of medical and security clearance status and an obligation upon the reservist to accept recall either as an employee or in a contract status. This will ensure a viable reserve corps together with an incentive to participate in a reserve program.

b. Supplementary compensation over the annuity to serve in the reserve corps will enable the (retiree) reservist to more equitably adjust to his retirement status and offset the sharply reduced living

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EYES ONLY

income. Further it will permit the employee time to seek and adjust to a second career or full retirement status. The downward scaling of the supplementary compensation would be consistent with the declining usefulness of the individual's skills after retirement from the Agency.

c. The opportunity for employees to avail themselves of early retirement at an unreduced annuity and serve in the CIA reserve corps for not more than three years should be rather attractive to those employees seeking a second career but whose skills would still be useful to the Agency until they have established that second career. Any reservist who finds other employment which he does not wish to jeopardize or for other reasons does not wish to be recalled, of course, cancels his reserve status. The age limit of 60 for participation in the reserve for those in the CIARS is consistent with the argumentation presented by CIA to the Congress justifying retirement as early as age 50 and the granting of a more favorable annuity formula. The age limit of 63 for service in the reserve corps by employees under the CSRS is generally consistent with the broad nature of their Agency duties and the fact that Civil Service retirees suffer a 3.75% reduction in annuity as compared with the CIA retirees.

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EYES ONLY

COSTS - SUPPLEMENTAL COMPENSATION - CIA RESERVE CORPS

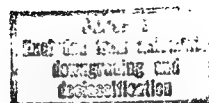
At Tab 1 are examples of alternative supplemental compensation payments to six employees who are actually planning retirement in FY 1969. Grades and steps are shown. The pay rates listed as terminal salaries are based on the proposed July 1968 pay schedule recently announced by the Civil Service Commission. The estimated annuities are reasonably accurate and are based on actual creditable service.

At Tab 2 are various calculations relating to the projected costs of a supplemental compensation system beginning FY 1969. The projections are based on a total of 212 employees scheduled to retire under the Civil Service Retirement Act in FY 1969 and 122 employees eligible in FY 1969 to retire at ages 56, 57, 58, and 59 under the CIA Retirement System. These projections do not include employees eligible to apply for voluntary retirement under the 55-30 option of the Civil Service Retirement Act or those employees under age 56 who may be eligible for voluntary retirement under the CIA Retirement System. In preparing these projections, the salary shown as terminal salary is based on the July 1968 proposed pay schedule. Annuities are rough, "ball-park", estimates based on a review of selected cases and past experience.

At Tab 3 is a summary of costs for both retirement systems based on the information reported in Tab 2.

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CIA SYSTEM

EYES ONLY

CSC SYSTEM

	<u>GS-06/9*</u>	<u>GS-12/9</u>	<u>GS-17/3</u>	<u>GS-07/9</u>	<u>GS-12/9</u>	<u>GS-17/3</u>
A. Terminal Salary	\$8,010	\$15,422	\$28,000	\$8,845	\$15,422	\$28,000
B. Annuity	\$3,037	\$ 8,443	\$13,300	\$4,258	\$ 6,005	\$12,380
C. Difference	\$4,973	\$ 6,979	\$14,700	\$4,587	\$ 9,417	\$15,620
D. Supplemental compensation alternatives applied to difference						
(1) 80% — 1st year	\$3,978	\$ 5,583	\$11,760	\$3,669	\$ 7,533	\$12,496
40% — 2nd year	1,989	2,791	5,880	1,834	3,766	6,248
20% — 3rd year	994	1,395	2,940	917	1,883	3,124
(2) 80% — 1st year	\$3,978	\$ 5,583	\$11,760	\$3,669	\$ 7,533	\$12,496
60% — 2nd year	2,983	4,187	8,820	2,752	5,650	9,372
40% — 3rd year	1,989	2,791	5,880	1,834	3,766	6,248
(3) 60% — 1st year	\$2,983	\$ 4,187	\$ 8,820	\$2,752	\$ 5,650	\$ 9,372
40% — 2nd year	1,989	2,791	5,880	1,834	3,766	6,248
20% — 3rd year	994	1,395	2,940	917	1,883	3,124

*No GS-07 is scheduled to retire under the CIA System in FY 1969. This is the closest available.

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EYES ONLYPROJECTED COSTS - SUPPLEMENTAL COMPENSATIONCivil Service Retirement System

1. Number Eligible	212
2. Average Salary	\$14,064
3. Average Annuity	\$ 6,000
4. Difference	\$ 8,064
5. Supplemental compensation alternatives applied to difference	
a. 80% — 1st year	\$1,367,612
40% — 2nd year	683,700
20% — 3rd year	<u>341,744</u>
Total	\$2,393,056
b. 80% — 1st year	\$1,367,612
60% — 2nd year	1,025,656
40% — 3rd year	<u>683,700</u>
Total	\$3,076,968
c. 60% — 1st year	\$1,025,656
40% — 2nd year	683,700
20% — 3rd year	<u>341,744</u>
Total	\$2,051,100

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PROJECTED COSTS - SUPPLEMENTAL COMPENSATION

CIA Retirement System

1. Age	56	57	58	59	
2. Number Eligible	31	35	30	26	
3. Average Salary	\$ 18,046	\$ 18,125	\$ 19,809	\$ 18,804	
4. Average Annuity	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	
5. Difference	\$ 11,046	\$ 11,125	\$ 12,809	\$11,804	
6. Supplemental compensation alternatives applied to difference					Total
a. 80%	\$273,916	\$311,500	\$307,410	\$245,518	\$1,138,344
40%	136,958	155,750	153,690		446,398
20%	68,479	77,875			146,354
Total	\$479,353	\$545,125	\$461,100	\$245,518	\$1,731,096
b. 80%	\$273,916	\$311,500	\$307,410	\$245,518	\$1,138,344
60%	205,437	233,625	230,550		669,612
40%	136,958	155,750			292,708
Total	\$616,311	\$700,875	\$537,960	\$245,518	\$2,100,664
c. 60%	\$205,437	\$233,625	\$230,550	\$184,132	\$ 853,744
40%	136,958	155,750	153,690		446,398
20%	68,479	77,875			146,354
Total	\$410,874	\$467,250	\$384,240	\$184,132	\$1,446,496

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EYES ONLYSUMMARY

	<u>CS SYSTEM</u>	<u>CIA SYSTEM</u>	<u>TOTAL</u>
<u>Number Eligible</u>	212	122	334
 <u>Supplemental Compensation Alternatives</u>			
1st year — 80%	\$1,367,612	\$1,138,344 ^{1/}	\$2,505,956
2nd year — 40%	683,700	446,398 ^{2/}	1,130,098
3rd year — 20%	<u>341,744</u>	<u>146,354^{3/}</u>	<u>488,098</u>
Total	\$2,393,056	\$1,731,096	\$4,124,152
 1st year — 80%	 \$1,367,612	 \$1,138,344 ^{1/}	 \$2,505,956
2nd year — 60%	1,025,656	669,612 ^{2/}	1,695,268
3rd year — 40%	<u>683,700</u>	<u>292,708^{3/}</u>	<u>976,408</u>
Total	\$3,076,968	\$2,100,664	\$5,177,632
 1st year — 60%	 \$1,025,656	 \$ 853,744 ^{1/}	 \$1,879,400
2nd year — 40%	683,700	446,398 ^{2/}	1,130,098
3rd year — 20%	<u>341,744</u>	<u>146,354^{3/}</u>	<u>488,098</u>
Total	\$2,051,100	\$1,446,496	\$3,497,596

^{1/} Includes ages 56 through 59 since all qualify for 1st year payment.^{2/} Includes ages 56 through 58 since only these qualify for 2nd payment.^{3/} Includes ages 56 and 57 since only these qualify for 3rd year payment.

EYES ONLY

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Inspector General

EXTENSION

NO.

DATE

4 April 1968

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Deputy Director for Support

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I have accepted these comments in the spirit in which they are submitted. I realize that you have a most difficult problem and have considered a bare & every possible solution. Good luck!

Yours,

☐ SECRET☒ CONFIDENTIAL☐ INTERNAL
USE ONLY☐ UNCLASSIFIED

4 April 1968

MEMORANDUM FOR: Deputy Director for Support

Bob:

I have suggested a few changes in the wording of the Retirement Rationale. Beyond these changes, I would go along with any sentiment which favors getting at the heart of the matter sooner and being more candid about our actual objectives. In order to be the kind of service we wish to be, we must be able both to promote people and to keep the average age of the service down. These two facts should be stated in the first paragraph.

With regard to the CIA Reserve Corps, I am concerned that beyond the cost to the Agency in added compensation you would have a cumbersome apparatus to administer and a vulnerable proposition to defend. It is just almost inconceivable to me that any but the tiniest percentage of reservists would be recalled to duty over a period, say, of ten years. If you were to charge total costs of the program against the number of man-years that the reservists actually serve the Government you would end up with the costliest form of employment conceivable. Furthermore, the kind of person you would be likely to recall is not the kind of person you wish to separate at an early date.

I realize that the foregoing considerations are of little relevance if our main concern is to stimulate early retirement. If that is indeed what we are trying to do, do we need such an elaborate fiction as that provided by the Reserve Corps concept? Is it not possible to pay some sort of bonus to people who retire early? We are told that State is exploring some such system.

[Redacted Signature Box]

Gordon M. Stewart
Inspector General

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RETIREMENT RATIONALE

Suggested wording of 2nd, 3rd, and 4th paragraphs. GMStewart

In carrying out its mission of collecting, processing and producing national intelligence, the Central Intelligence Agency's principal assets are the technical skills, intellectual discipline, vocational competence and the sense of duty of its personnel. The quality of the intelligence product is assured by the maturity, skill and sound judgment of these employees.

To maintain this level of professionalism, the Agency conducts a recruitment and selection program which provides men and women of the highest qualifications to be found in today's competitive manpower world. In particular, it seeks individuals with imagination, flexibility, and stamina. By follow-on training and career development, it seeks to keep the staff adaptable and forward-moving.

The demanding and dynamic nature of the Agency's world-wide intelligence program requires the fullest utilization of these employee talents during their most productive years. At the same time the most capable staff employees have a right to expect that their work will be rewarded by promotion and the

assignment of greater responsibility. To accomplish these dual objectives Agency management must require that those employees who cannot continue to cope with its demanding requirements or who have passed their most productive years make room for personnel with new skills and greater energies. It is only through a program of fostering the advancement of the able, made possible by timely retirement, that the objectives and mission of the Agency can be achieved.